

Appendix I

Description on Bank of China Limited Hong Kong Branch's 2023 Sustainability Bond

Bank of China Limited Hong Kong Branch plans to issue 2023 Sustainability Bond ("2023 Sustainability Bond"). Bank of China Limited (the "Bank") has established the *Bank of China Limited Sustainability Series Bonds Management Statement* (the "Management Statement"). This Management Statement has been prepared to demonstrate Bank of China Limited Hong Kong Branch will issue sustainability bond in accordance with the *Sustainability Bond Guidelines 2021* published by International Capital Market Association. This 2023 Sustainability Bond is aligned with the four core components of both the the *Green Bond Principles 2021* and the *Social Bond Principles 2021* with the former being especially relevant to underlying Green Projects and the latter to underlying Social Projects. And this 2023 Sustainability Bond will also be issued in accordance with the *China Green Bond Principles* published by the China Green Bond Standards Committee for underlying Green Projects.

Use of Proceeds

All the net proceeds of the Sustainability Bond will be allocated to the Eligible Projects as defined in the *the Sustainability Bond Guidelines 2021*.

In any case, Eligible Projects exclude the following categories ("Explicitly Excluded Projects"):

- Fossil fuel dedicated assets;
- Biofuels, biogas or biomass which utilize food crops as sources;
- Nuclear related projects;
- Mining and quarrying related projects;
- Luxury services or goods related, such as clubhouse operation;
- Alcoholic beverages related projects;
- Gambling and predatory lending enterprises related projects;
- Tobacco and tobacco-related products related projects;
- Weapons and ammunitions related projects.

Process for Project Evaluation and Selection

1. Preliminary Screening

Based on the project compliance documents and referring to criteria and standards of Eligible Project categories defined in the Management Statement, Bank of China's domestic and overseas branches shall conduct preliminary screening of eligible projects, to form the list of nominated projects and submit to the Bank of China's headquarters for further review.

2. Review and Approval

Bank of China's headquarters shall review the selected nominated projects, and then submit to professional third-party agencies for an independent assessment. Approval will be granted to nominated projects certified by the professional third-party agencies. The approved projects will form the Eligible Project List.

3. Update and Maintenance

Bank of China's headquarters shall review the Eligible Project List on a quarterly basis and determine if any change(s) is necessary (for example, if a project has become ineligible due to amortization, prepayment, sale or other reasons). If such change(s) is necessary, Bank of China's headquarters shall organize domestic and overseas branches to nominate new projects and approve the eligible ones to replace projects that have become ineligible due to amortization, prepayment, sale or other reasons.

Management of Proceeds

1. Planning for Use of Proceeds

Prior to the issuance of sustainability bond, the Bank shall develop the preliminary Eligible Project List to ensure that the proceeds from sustainability bond can be allocated to Eligible Projects in a timely manner.

2. Management of Separate Ledger

The Bank shall record the source and allocation of proceeds in a separate ledger management system to ensure that all the net proceeds of the sustainability bond are properly managed and used. The ledger system shall contain information including but not limited to:

- Transaction information (issue amount, coupon, issue date and maturity date, etc.)
- Proceeds allocation information (project name, borrower description, project category, balance, release date, repayment date, exchange rate, interest rate of the loan, etc.)

The Bank will review and update the ledger on a quarterly basis. Any proceeds allocated to the projects that have amortized, been prepaid, sold or otherwise become ineligible shall be reallocated to newly nominated and approved projects.

3. Use of Unallocated Proceeds

Unallocated proceeds shall not be invested in greenhouse gas (GHG) intensive, highly polluting, energy intensive projects nor projects with negative social impacts (including but not limited to "Explicitly Excluded Projects"). The unallocated proceeds could be temporarily invested in green bond issued by non-financial institutions in domestic or international capital markets, and in money market instruments with good credit ratings and market liquidity, or kept in cash until they are allocated to Eligible Projects.

Reporting

The Bank will make disclosure in relation to the allocation of the proceeds and the environmental impacts of the funded Eligible Projects on an annual basis on its official website so long as sustainability bond remains outstanding. The following contents will be disclosed annually:

- Annual report of the sustainability bond, where the content includes but not limited to the following proceeds allocation and environmental impacts information:
 - ✓ A brief description of the Eligible Projects to which the proceeds were allocated, and the breakdown in terms of amount and percentage allocated to each of the categories
 - ✓ The unallocated proceeds and how they are invested temporarily
 - ✓ Appropriate case information of the selected Eligible Projects
 - ✓ The environmental benefits of each category of the Eligible Projects where the proceeds were allocated
- An assurance report for the annual report issued by a qualified third party
- An assurance report for the use of proceeds issued by a qualified third party

Eligible Project List

The Bank has established a list of eligible projects, with an approximated total value of CNY 1,063.50 million. Nominated projects list may evolve over time. The following is detailed information of the eligible projects.

Eligible Project List

NO.	Region	Project	Eligible Project Categories	Loan Amount (CNY million)
1	Southern China	Wholesale and retail	Employment generation	400.00
2	Southern China	Sustainable infrastructure for drinking water	Sustainable water and wastewater management	162.00
3	Southern China	Photovoltaic power project	Renewable energy	100.00
4	Southern China	Manufacturing	Employment generation	80.00
5	Southern China	Manufacturing	Employment generation	80.00
6	Southern China	Manufacturing	Employment generation	70.00
7	Southern China	Manufacturing	Employment generation	60.00
8	Southern China	Manufacturing	Employment generation	43.50
9	Southern China	Manufacturing	Employment generation	38.00
10	Southern China	Manufacturing	Employment generation	20.00

NO.	Region	Project	Eligible Project Categories	Loan Amount (CNY million)
11	Southern China	Manufacturing	Employment generation	10.00
Total Loan Amount (CNY million)				1,063.50

The following set forth certain information of sample eligible projects:

- A Photovoltaic power project. The project's total capacity is 50MW. The electricity generation of the project to the grid is 59,804,700 kWh annually, which will result in standard coal reduction of about 18,419.85 t/a, CO₂ emission reduction of about 39,263.28 t/a, SO₂ emission reduction of about 52.61 t/a, NOx emission reduction of 85.10 t/a.
- The mainly social impact of nominated projects is employment generation through providing loan to small and medium-sized enterprises ("SMEs"¹). The Bank will provide supportive financial services for SMEs to address their difficulties in accessing to the financial resources and reducing financing costs.



¹ For the definition of SMEs, refer to Ministry of Industry and Information Technology of PRC, No. (2011) 300